

NEWS

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**CMS ACTUARY: MEDICARE ADVANTAGE
OVERPAYMENTS RAISE PREMIUMS FOR ALL
BENEFICIARIES AND REDUCE MEDICARE'S SOLVENCY**

Foster states 45 percent trigger is "judgmental"

WASHINGTON, D.C. – In today's Ways and Means Health Subcommittee hearing on the 2007 Medicare Trustees report, Centers for Medicare & Medicaid Services Actuary Rick Foster made several important statements:

**** Foster said that overpayments to private Medicare Advantage (MA) plans shorten the solvency of the Part A Trust Fund.**

"If we set the benchmarks [for MA plans] at the fee-for-service level, that would reduce Part A payments to Medicare Advantage plans just like Part B payments. We've estimated that would **extend the insolvency date for about two years."**

**** He also indicated that overpayments increase premiums for all 44 million seniors and people with disabilities – even though more than 80 percent of Medicare beneficiaries are not enrolled in private plans.**

“The additional payments to Medicare Advantage plans above and beyond what fee-for-service costs would have been **adds about two dollars per month** to the standard Part B premium.”

** The CMS Actuary said that MA plans will never save Medicare money.

“We don’t see any change under current law, in that regard. The degree [of Medicare Advantage payments] would change, but it would **remain higher than fee-for-service.**”

** Foster also stated that hitting the “45 percent trigger” does not mean there is a crisis with the Medicare Trust Funds.

“The ‘Medicare Funding Warning’ **should not be interpreted** as indicating that Trust Fund financing is inadequate.”

** When asked if the 45 percent trigger is arbitrary, he admitted it is not scientific.

“It is judgmental, **it is not scientific.**”

** Finally, Foster speculated that the 2007 Trustees report would not have triggered the “Medicare Finance Warning” had payment rates between traditional fee-for-service Medicare and Medicare Advantage plans been equalized.

“We might have stayed below the 45 percent. Because in 2013 in the projection, we are only slightly above the 45 percent threshold, it is my guess that the **lower payments** [to Medicare Advantage plans], if the law were changed in that would way, **would reduce us below that threshold** for 2013.”